# PX 167

From: ▮▮▮▮@ripple.com>
Sent: Thu, 11 Apr 2019 21:57:31 +0000
Subject: [Slack Retention]ripple - mpdm-joelkatz--▮▮▮▮ Shared Private Mpim
To: ▮▮▮▮@ripple.com>, joelkatz <▮▮▮▮@ripple.com>, ▮▮▮▮ripple.com>
img_splash_600x315_1.png

Date Sent (UTC)	Sender	Message
2019-04-11T01:13:21.0000000Z	▮▮▮▮@ripple.com	*Rude strategy questions* Goal: A tool for me to learn, not an attempt to push a position. Inspiration: <https://en.wikipedia.org/wiki/I_know_that_I_know_nothing> 1: If the goal of Xpring is drive XPR transactions, why not invest in the XRP ecosystem first (nail 2-3 non-remittance use cases) and then go after "value interop network" (IPL) later? 2: Do the non-remittance use cases require the creation of the "value interop network" ILP to be viable? If so, what are the minimal "plugins" BC? Ether? Other? 3: Do the non-remittance use cases require the conceptual + technical complexity of XRP -> ILP -> XRP? If not, why create two developer stories + toolchains, etc? 4: All things being equal, if we 10x XRP transactions outside of Ripple, does anyone care if that involves ILP at all? 5: Anyone but the Xpring team?
2019-04-11T01:36:14.0000000Z	▮▮▮▮@ripple.com	BTW: Xpring make my brain + fingers want to type XPR, rather than XRP. :-) I suppose that ship has sailed. :-)
2019-04-11T04:50:53.0000000Z	▮▮▮▮@ripple.com	1. is a good question worth spending time one. In general, XRP has got a bad rap from the crypto community due to the perception of centralization of the consensus mechanism and the holdings. Also, because Ripple is using XRP to build for the banks (ie, the man), the vocal, libertarian crypto anarchists that were part of the early core crypto developers viewed Ripple as selling out instead of using crypto to overthrow the entire govt/financial power system. To this extent, it hasn't been easy to get crypto developers to build with XRP. Additionally, the primary use case for crypto at this point is for speculation so anything that solves today's customers needs has to use fiat. The thought is that a fiat<>fiat payment network could use ILP and bridge through XRP. Worth revisiting thought. 2. I think fiat is likely the most important plugin. ETH and BTC are helpful in that it covers most of the world of blockchain developers. One could argue that ILP is basically everyone but BTC. 3. I think the non remittance use cases are fiat<>XRP<>fiat over ILP with XRP as the lingua franca of ILP. 4. I don't think we care about ILP for ILP's sake, only to the extent that it drives liquidity and velocity of XRP. One challenge is that the speculative markets have very high volume - $1.4B today (<https://coinmarketcap.com/>) so driving anything remotely meaningful to this is hard. I do think we may want to focus on serving the capital markets better as a small change in those markets is meaningful from a liquidity perspective. Building products for exchanges could make sense. 5. I think ILP paints a vision of addressing all the payments and all the

money and I think it's hard to see how XRP could be involved in all payments through any other method so I do think ILP better addresses Ripple's core mission around the Internet of Value.
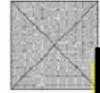Attachment data
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Summary: CoinMarketCap: Cryptocurrency Market Capitalizations | CoinMarketCap
Title: Cryptocurrency Market Capitalizations | CoinMarketCap
Text: Cryptocurrency market cap rankings, charts, and more

2019-04-11T05:14:24.0000000Z	████ @rip ple.com	Helpful.

Wanted to frame this a little for our next couple 1:1s with you guys.

At some stage want to get us 3 in a room to make sure my maps are directionally clear from the business + technical perspective.

To double-click on the fiat <-IPL(XRP)-> fiat scenarios:

6: How do we think about spending 5-10 engineers at the SLT/████ evel? Zero sum stack rank?
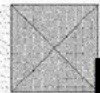
a: Should they build a 1st party app that uses IPL(XRP) for fiat <-> fiat remittances?

b: an iOS + Android mobile SDK + service that 3rd party app developers use for the easiest + fastest + cheapest fiat <-> fiat transactions?

c: a high performance, open source server + cheap service for backend developers to build the above + things like exchanges (fiat <-> *)? |
| 2019-04-11T05:23:40.0000000Z | ████ @rip ple.com | There are variants in here, but I think you get the thrust of the question? |
| 2019-04-11T06:20:25.0000000Z | ████ @ripp le.com | We have headcount to go to 25 on xpring by year end and we can spend them how we like.
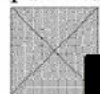
First party is worth digging into. Once you touch fiat you touch regulation which is a can of worms we have to open sooner or later but isn't small. Same thing if you ever touch the users funds even if it's just crypto. Our current approach is to enable remittance providers to ride on our rails which bridges through xrp.

I think a mobile sdk that handles everything for them would be smart regardless of whether we do first party.

The exchanges today custody all users funds in a single(ish) crypto wallet so users don't actually ever hold the funds. This is great for speed but turns them into closed silos as it's only through their proprietary apis that you can read/write to them (this is a gross oversimplification).

One idea is trying to push xrp directly as a remittance solution. It's basically free and instant to move xrp. A challenge is that much of the cost of running a remittance provider is customer acquisition and fiat in/out which xrp doesn't solve. On the receiving end of remittance is almost always cash - not just fiat but pure cash. |

Remittance and commerce are the big plays I think. They are both basically the same flow. Figuring out how to enable the exchanges to be part of a global remittance and commerce network seems like a possible move.

Lots to dig into here.

2019-04-11T06:34:31.0000000Z	▨ ███ @rip ple.com	This is super super helpful and hopefully not too remedial for you two.
2019-04-11T17:00:57.0000000Z	▨ ███ @ripp le.com	Not at all.

2019-04-11T21:53:35.0000000Z ▨ ███ @rippl e.com

I'm going to answer your questions without looking at ███ nswers, so it might be duplicative or even in conflict:

1: If the goal of Xpring is drive XPR transactions, why not invest in the XRP ecosystem first (nail 2-3 non-remittance use cases) and then go after "value interop network" (IPL) later?

We've thought about what people might do with the XRP Ledger other than payments and looked into things like XRP backed stablecoins and using other ledger features like the distributed exchange and community credit features. The use cases that are the closest to being real involve payments and in that case, ILP tends to give a better experience because it's more universal and easier to integrate with. Also, I think building an ILP ecosystem is a bigger challenge and one the market is more ready to see start now.

2019-04-11T21:57:31.0000000Z ▨ ███ @rippl e.com

2: Do the non-remittance use cases require the creation of the "value interop network" ILP to be viable? If so, what are the minimal "plugins" BC? Ether? Other?

I think the value grows with the reach. Reaching into fiat is critical as that's where 99.9% of today's value is. You need enough connectivity to get network effects and for it to be the integration that everyone wants. I think key are things like ILP wallets, ILP exchanges, and so on. A strong healthy Internet is the reason everyone has home Internet access and carries an internet-connected phone with them and that creates the market for services like Twitter. We want a robust ecosystem so that ILP access becomes a given.

3: Do the non-remittance use cases require the conceptual + technical complexity of XRP -> ILP -> XRP? If not, why create two developer stories + toolchains, etc?

This is a bit of a challenge for us. It's kind a balance between promoting the things that benefit us most directly and the things that make a more vibrant ecosystem. I would be fine with XRP's market share staying constant if the who ecosystem grows 100X and I think ILP can help do that. So priority one is making sure XRP works best with ILP.

4: All things being equal, if we 10x XRP transactions outside of Ripple, does anyone care if that involves ILP at all?
5: Anyone but the Xpring team?

No. But there's risk associated with a compartmentalized world. Say some DeFI platform takes off and XRP isn't accessible to smart contracts on that platform. That could be a huge increasing segment of the market for which XRP isn't a possibility for technical reasons. Xpring needs to make sure that doesn't happen. That requires an ILP focus, I think.